**STATE OF ILLINOIS**
**ILLINOIS COMMERCE COMMISSION**

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| **COMMONWEALTH EDISON COMPANY** | **:** | |
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| **Approval of Energy Efficiency and Demand** | **:** | **Docket No. 07-0540** |
| **Response Plan Pursuant to Section 12-103(f)** | **:** | |
| **Of the Public Utilities Act** | **:** | |

# DIRECT TESTIMONY OF VINCENT J. CUSHING
# ON BEHALF OF
# THE BUILDING OWNERS AND MANAGERS ASSOCIATION OF CHICAGO

**December 14, 2007**

I. Introduction and Qualifications

Q. Please state your name and business address.

A. My name is Vincent J. Cushing. My business address is 1350 S. Indiana Pkwy., Chicago IL 60605.

Q. By whom are you employed and in what capacity?

A. I am employed by Metropolitan Energy, LLC as its Senior Vice President and by Clean Urban Energy, Inc. as CEO.

Q. On whose behalf are you testifying in this proceeding?

A. I am testifying on behalf of The Building Owners and Managers of Chicago ("BOMA/Chicago").

Q. Would you please summarize your professional qualifications?

A. I have 35 years experience in the electric energy industry as an engineer, manager, energy consultant and executive. This experience encompasses power contracting, grid operations and economics, generation environmental compliance, residential & commercial demand response, integrated resource planning, strategic planning, power supply planning, and financial risk management. For over 25 years I held managerial positions with responsibility for transmission, bulk power, PJM, and strategic planning at the Potomac Electric Power Company. Prior to my current positions, I served as Senior Vice President of Calpine Power Services Company, an independent power company, and EnergyConnect, Inc., a commercial building demand response company that I cofounded. My professional resume is provided in Exhibit _____(VJC-1).

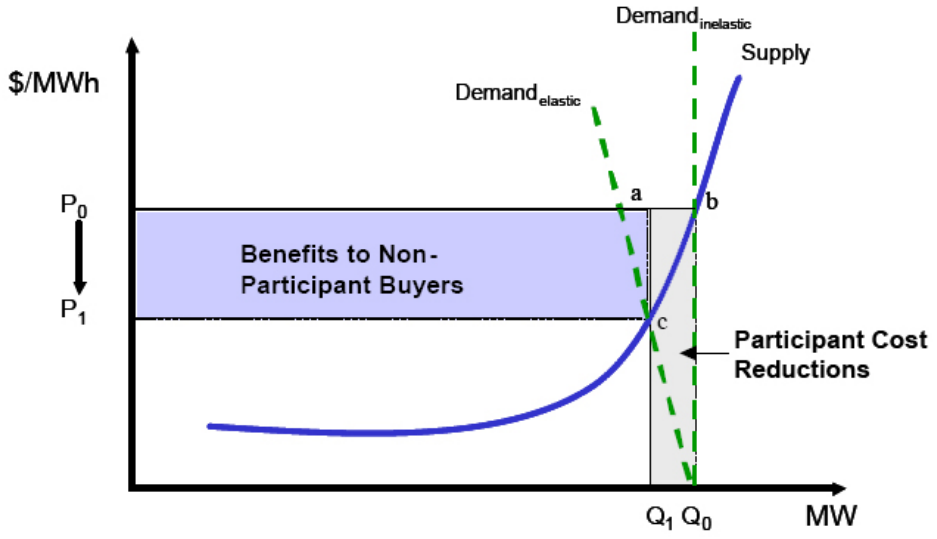
Q. Have you previously testified before the Illinois Commerce Commission (the "Commission" or "ICC")?

A. I have provided testimony and comments in workshops but not formally in a docketed proceeding in an ICC case. I have testified before the state regulatory commission in Washington, D.C. and served as electric utility industry liaison to the Federal Energy Regulatory Commission.

II. Purpose and Scope

Q. What is the purpose of your testimony?

A. My testimony is intended to provide further BOMA/Chicago support for the metering/data infrastructure proposal proposed by Mr. Skadowski in this proceeding. I do that by explaining the benefits of robust demand response resources and by explaining the importance of a metering/data infrastructure to the successful development of demand response resources in Northern Illinois. A discussion of demand response starts with the following supply curve.[1] It demonstrates the benefits of demand response




[1] K

Respon ers,

to all electricity consumers:

Q. Please describe the above graph.

A. The graph demonstrates generally the value of supply curve participation by demand response resources – direct value to participants and indirect, more substantial value to all electric consumers in Northern Illinois.

Q. How is the balance of your testimony organized?

A. My testimony is organized as follows: I first define demand-side resources and discuss the benefits derived form a robust demand-side resources industry in Northern Illinois. I then support Mr. Skadowski's recommendation to develop a meter/data infrastructure as the most important action that the Commission can take to foster a demand response resource in Northern Illinois.

III. Testimony

Q. From an industry perspective, what are demand response resources?

A. Demand-side resources ("DSR") is commonly referred to as, and for purposes hereof, used interchangeably with "demand response." The term "resources" adds recognition to customers' ability to be used as system resources. The US Demand Response Coordinating Council defines demand response as:

Providing electricity customers in both retail and wholesale electricity markets with a choice whereby they can respond to dynamic or time-based prices or other types of incentives by reducing and/or shifting usage,

particularly during peak periods, such that these demand modifications can address issues such as pricing, reliability, emergency response, and infrastructure planning, operation, and deferral.

Q. What are the benefits of a robust DSR industry in Illinois?

A. Most fundamentally, DSR reduces the cost of energy to customers. DSR also provides value to generating companies, electric grid operators, distribution companies, and retail energy service providers. DSR benefits include:

**Lower, more stable electricity prices** – DSR lowers electric prices for all consumers by introducing competitive resources into the daily mix and by clipping electric price spikes.

**Economic efficiency** – An efficient electricity market, like any other efficient market, depends upon the appropriate interaction of supply and demand.

**Improved reliability** – DSR expands the reliability resources available to grid operators. DSR is especially valuable in metropolitan areas where generation and transmission are expensive and difficult to site. Finally, DSR mitigates against extreme system reliability events that are expensive to remedy with traditional generation solutions.

**Increased risk management** – DSR helps manage electric volume and price risk.

**Environmental benefits** – DSR enables more stable and more efficient loading of coal-fired plants. Stable operation enables better tuning of pollution control systems. Efficient loading enables less coal burn.

**Market power mitigation** – DSR improves confidence in competitive markets by introducing broadly dispersed competitive resources into a supply mix dominated by a few large generating companies.

**Reduced T&D system build-out** – Targeted DSR helps defer or avoid T&D infrastructure upgrades, especially significant in metropolitan areas where undergrounding is costly.

IV. Recommendations

Q. Do you support Mr. Skadowski's recommendation to develop a meter/data infrastructure.

A. Yes. A meter/data infrastructure, as proposed by Mr. Skadowski is the most important action and first step that the Commission can take to foster a demand response resource in Northern Illinois. Moreover, interval data access should be liberally and freely provided for use by BOMA Chicago members and the many energy service companies with whom they do business, for several reasons:

**Competitive demand response industry** – the Commission should provide DSR infrastructure and institutional support that invites competing DSR providers into Northern Illinois. DSR competitors have proven their capabilities and their value in several other parts of the country, including other parts of PJM.

**Mitigating Cost of Market Entry for DSR competitors** – the best way to make Northern Illinois attractive to DSR providers – and to improve DSR competition – is provide a metering/data infrastructure. An institutional infrastructure removes both an entry cost for DSR providers and a switching cost for their customers.

**Strengthening Demand Response Analysis and Valuation** – a metering/data infrastructure enables DSR program designers, policymakers and customers to anticipate demand response impacts and benefits. Also, demand response program managers and overseers need to be able to reliably measure the net benefits of demand response options to ensure that they are (cost-effectively) providing needed demand reductions.

Q. Does this conclude your testimony?

A. Yes.